

EZINQOLENI MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2011



I am responsible for the preparation of these annual financial statements, which are set out on pages 2 to 37, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 14 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

KJ ZULU
MUNICIPAL MANAGER

DATE

**EZINQOLENI MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

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EZINQOLENI MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2011

	Note	2011 R	2010 R
NET ASSETS AND LIABILITIES			
Net assets		36 888 925	26 494 948
Accumulated surplus		36 888 925	26 494 948
Non-current liabilities		532 129	539 338
Employee benefit obligation	2	409 000	307 000
Finance lease obligation	3	123 129	232 338
Current liabilities		16 026 487	8 478 460
Employee benefit obligation	2	27 000	12 000
Finance lease obligation	3	109 210	146 423
Creditors	4	2 768 045	3 233 271
Unspent conditional grants and receipts	5	13 122 232	5 086 766
Total Net Assets and Liabilities		53 447 541	35 512 746
ASSETS			
Non-current assets		31 256 473	26 099 104
Property, plant and equipment	6	30 985 635	25 804 212
Intangible assets	7	270 838	294 892
Current assets		22 191 067	9 413 642
Consumer debtors	8	151 467	-
Other debtors	9	909 614	141 307
Call investment deposits	10	9 403 688	5 448 680
Cash and cash equivalents	11	8 939 467	1 910 141
Value Added Taxation	12	2 786 831	1 913 514
Total Assets		53 447 540	35 512 746

**EZINQOLENI MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2011**

	Note	2011 R	2010 R
REVENUE			
Property rates	13	438 316	280 187
Rental of facilities and equipment		11 411	7 719
Interest earned		858 259	375 206
Fines		350	7 280
Government grants and subsidies	14	33 456 382	26 944 390
Other income	19	280 236	83 282
Total Revenue		35 044 954	27 698 064
EXPENDITURE			
Employee related costs	15	6 982 449	6 200 397
Remuneration of councillors	16	2 135 299	1 995 528
Amortisation	8	99 054	89 901
Depreciation	7	2 137 878	1 931 861
Impairment		-	28 131
Repairs and maintenance		261 526	757 701
Finance costs	17	54 973	84 240
General expenses	18	14 208 357	5 903 526
Debt impairment		(229 045)	273 606
Loss on disposal of property, plant and equipment		17 974	544
Total Expenditure		25 668 465	17 265 435
Gain on fair valuing assets		761 836	-
Gain on change in useful life of assets		257 203	-
SURPLUS FOR THE YEAR		10 395 528	10 432 629

EZINQOLENI MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2011

	Accumulated Surplus R
2009/2010	
Balance at 30 June 2009 as previously reported	16 380 438
Surplus for the year	10 432 629
Prior year adjustments	881
Prior year adjustment - Recognition of long service award obligation	(319 000)
Restated balance at 30 June 2010	26 494 948
2010/2011	
Surplus for the year	10 395 528
Prior year adjustments	(1 551)
Balance at 30 June 2011	36 888 925

EZINQOLENI MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 R	2010 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		43 887 316	29 873 644
Cash paid to suppliers and employees		27 124 084	(16 213 237)
Cash generated from operations	21	16 720 707	13 660 407
Interest received		858 259	375 206
Finance costs		(54 973)	(84 240)
NET CASH FLOWS FROM OPERATING ACTIVITIES		17 523 992	13 951 373
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	(6 318 235)	(10 152 174)
Purchase of intangible assets	7	(75 000)	(181 755)
Proceeds on disposal of property, plant and equipment		-	162 000
NET CASH FLOWS FROM INVESTING ACTIVITIES		(6 393 235)	(10 171 929)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans repaid		(146 423)	(226 955)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(146 423)	(226 955)
NET INCREASE IN CASH AND CASH EQUIVALENTS		10 984 335	3 552 489
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		7 358 821	3 806 332
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	22	18 343 155	7 358 821

EZINQOLENI MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

2011
R

2010
R

1. CHANGE IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENTS

The following adjustments were made to amounts previously reported in the annual financial statements as a result of the municipality fully adopting Generally Recognised Accounting Practices ("GRAP") and the correction of prior year errors.

1.1 Employee benefit obligations

Balance as previously stated - 30 June 2010		-
Implementation of GRAP		
Recognition of long service award obligation		319 000
Restated balance as at 30 June 2010		319 000

1.2 Accumulated surplus

Balance as previously stated - 30 June 2010		26 813 948
Implementation of GRAP		
Recognition of long service award obligation		(319 000)
Restated balance as at 30 June 2010		26 494 948

2. EMPLOYEE BENEFIT OBLIGATIONS

2.1 Long service awards

Non-current liabilities	409 000	307 000
Current liabilities	27 000	12 000
Total Provision for long service awards	436 000	319 000

A long-service award is granted to municipal employees after the completion of fixed periods of continuous service with the Municipality. The said award comprises of a certain number of additional vacation leave days. The provision represents an estimation of the awards to which employees in the service of the Municipality at 30 June 2011 may become entitled to in future, based on an actuarial valuation performed at that date.

The most recent actuarial valuations of plan assets and the present value of the unfunded defined benefit obligation were carried out as at 30 June 2011 by Alexander Forbes Financial Services. The present value of the defined benefit obligation, and the related current service cost were measured using the Projected Unit Credit Method. No other long service benefits are provided by the Municipality.

The future cost for ensuing year is estimated to be R79 000 and the interest cost for the next year is estimated to be R44 000 (2011: R70 000 and R35 000 respectively).

The principal actuarial assumptions used were as follows:

Discount rate per annum	8.75%	9.25%
Inflation rate	5.75%	5.75%
Salary increase rate	6.75%	6.75%
Normal retirement age	65	65
Proportion continuing membership at retirement	95%	95%
Proportion of retiring members who are married	90%	90%
Mortality during employment	SA 85-90 light	SA 85-90 light
Percentage of in-service members withdrawing before retirement:		
Age 20 - 24	15%	15%
Age 25 - 29	10%	10%
Age 30 - 34	7%	7%
Age 35 - 39	4%	4%
Age 40 - 44	2%	2%
Present value of the obligation	436 000	319 000

EZINQOLENI MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

2011
R

2010
R

Movement in the defined benefit obligation is as follows:

Balance at beginning of the year	319 000	-
Current service cost	70 000	-
Interest cost	35 000	-
Expected return on assets	-	-
Actual (Gain) / Loss	24 000	-
Benefits payments by Municipality	(12 000)	-
Balance at end of year	436 000	319 000

The amounts recognised in the Statement of Financial Performance were as follows:

Current service cost	70 000	-
Interest cost	35 000	-
Expected return on assets	-	-
Actual (Gain) / Loss	24 000	-
	129 000	-

2.2 Post retirement pension plan

The Municipality's personnel are members of one of the Natal Joint Municipal Pension retirement funds, namely the Superannuation, Retirement and Provident Funds. As the aforementioned funds are multi-employer funds, the allocation of any surplus/deficit to individual municipalities cannot be determined. Furthermore disclosure of further details such as actuarial assumptions, cannot be attributed to any specific municipality and is of no relevance to users of the municipality's financial statements.

An independent valuer carries out a statutory valuation of the NJMPF on a triennial basis and an interim valuation on an annual basis. The 2011 interim valuations have not yet been released.

Superannuation Fund

The latest statutory valuation of the Superannuation Fund (defined benefit) as at 31 March 2008 concluded that:

- The Fund was fully funded and financially sound on the discounted cash flow method.
- The required contribution rate for the future service exceeded the contribution rate payable by 1,27% of pensionable salaries.

The interim valuation carried out on the Superannuation Fund as at 31 March 2009 reflected:

- The memorandum account in respect of pensioners was fully funded.
- There was a small deficit in respect of active members which is being met by the surcharge of 7% of pensionable salaries.
- The required contribution rate for the future service exceeded the contribution rate payable by 1,50% of pensionable salaries.

Post retirement pension plan (continued)

The interim valuation carried out on the Superannuation Fund as at 31 March 2010 reflected:

- The memorandum account in respect of pensioners was fully funded.
- There was a deficit in respect of active members which is being met by the surcharge of 7% of pensionable salaries, the deficit is expected to be fully funded by 2016.
- The required contribution rate for the future service exceeded the contribution rate payable by 1,69% of pensionable salaries.

Retirement Fund

The latest statutory valuation of the Retirement Fund (defined benefit) as at 31 March 2009 reflected:

- The memorandum account in respect of pensioners was fully funded
- Based on the valuation assumptions applied in 2000, the Fund was fully funded, however based on revised assumptions the Funds liabilities for the contributory members exceeded the value of the assets and an extension of the surcharge for another 5 years would be necessary to return the funding level to 100%.

The interim valuation carried out on the Retirement Fund as at 31 March 2010 reflected:

- The memorandum account in respect of pensioners was fully funded on the discounted cash flow method.

EZINQOLENI MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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2011
R

2010
R

- The Funds liabilities for the contributory members exceeded the value of the assets; it is expected that the shortfall will be funded by a surcharge of 17% of pensionable emoluments by 2015.

2.2 Post retirement pension plan (continued)

Provident Fund

The latest statutory valuation of the Provident Fund (defined contribution) as at 31 March 2009 and the interim valuation as at 31 March 2010 revealed that the fund was in a sound financial position.

3. FINANCE LEASE OBLIGATION

Non-current liabilities	123 129	232 338
Current liabilities	109 210	146 423
Total Lease Commitments	232 339	378 761
Minimum lease payments due		
- within one year	109 210	146 423
	123 129	232 338

Refer to Appendix A for more detail on lease commitments.

The finance lease liability is secured against vehicles with a cost price of R799 734. The leases bear interest at rates varying between prime less 1% to 18.50% per annum and are repayable over periods between 16 months and 39 months.

The annual instalments inclusive of interest equal R201 396 (2010: R252 742)

4. CREDITORS

Trade creditors	594 435	2 523 842
Payments received in advance	5 910	2 846
Staff leave	200 589	166 057
Accrual for staff bonus	209 833	180 191
Other creditors	242 081	242 081
Councillors UIF	160 123	118 254
Retention	1 355 074	-
Total Creditors	2 768 045	3 233 271

5. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Conditional Grants from other spheres of Government

Municipal Systems Improvement Grant	1 033 353	1 234 181
Municipal Infrastructure Grant	4 120 035	2 443 466
National Lottery Grant	1 214 050	1 214 050
Financial Management Grant	-	195 069
Small Town Rehabilitation Grant	5 177 900	-
LED Strategy Grant	381 575	-
Integrated National Electrification Programme	1 126 239	-
Library Grant - Cyber Cadet	69 079	-
Total Conditional Grants and Receipts	13 122 232	5 086 766

See Note 14 for reconciliation of grants from other spheres of government.

Grants are cash backed refer to notes 10 and 11

6. PROPERTY, PLANT & EQUIPMENT

30 June 2011

Reconciliation of Carrying Value	Buildings	Infrastructure Roads	Machinery & Equipment	Furniture & Equipment	Computer Equipment	Motor Vehicles	Heritage Assets	Total
	R	R	R	R	R	R	R	R
Carrying Values at 30 June 2010	10 342 470	13 151 655	793 655	517 502	233 988	716 942	48 000	25 804 212
Cost	11 164 281	14 904 530	1 609 105	1 101 580	686 192	1 315 671	48 000	30 829 359
Accumulated depreciation	(821 811)	(1 752 875)	(815 450)	(584 078)	(452 204)	(598 729)	-	(5 025 147)
Acquisitions	5 297 148	816 952	12 299	67 839	123 997	-	-	6 318 235
Newly identified assets at fair value	39 760	-	337 145	131 397	160 334	93 200	-	761 836
Depreciation	(397 099)	(1 167 675)	(156 994)	(202 879)	(83 389)	(129 842)	-	(2 137 878)
Reassessment of useful life	-	-	23 063	227 405	6 735	-	-	257 203
Carrying Value of disposals	-	-	(5 533)	(8 597)	(3 843)	-	-	(17 973)
Cost	(1 717)	-	(28 548)	(24 671)	(244 485)	-	-	(299 421)
Impairment	1 355	-	10 626	944	13 968	-	-	26 893
Accumulated depreciation	362	-	12 389	15 130	226 674	-	-	254 555
Carrying Values at 30 June 2011	15 282 279	12 800 932	1 003 635	732 667	437 822	680 300	48 000	30 985 635
Cost	16 499 472	15 721 482	1 930 001	1 276 145	726 038	1 408 871	48 000	37 610 009
Accumulated depreciation	(1 217 193)	(2 920 550)	(926 366)	(543 478)	(288 216)	(728 571)	-	(6 624 374)

Ezinqoleni Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, in terms of Directive 4 issued in March 2009, with respect to the measurement of property plant and equipment as set out in paragraphs 73 to 83.

Ezinqoleni Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, in terms of Directive 4 issued in March 2009, with respect to the measurement of leases as set out in paragraphs 55 to 60.

30 June 2010

Reconciliation of Carrying Value	Buildings	Infrastructure Roads	Machinery & Equipment	Furniture & Equipment	Computer Equipment	Motor Vehicles	Heritage Assets	Intangible Assets	Total
	R	R	R	R	R	R	R	R	R
Carrying Values at 1 July 2009	7 646 822	7 573 111	966 652	493 737	293 514	752 338	48 000	-	17 774 174
Cost	8 101 059	8 295 900	1 610 905	970 812	617 576	1 621 447	48 000	-	21 265 699
Accumulated depreciation	(454 237)	(722 789)	(644 253)	(477 075)	(324 062)	(869 109)	-	-	(3 491 525)
Acquisitions	3 063 222	6 608 630	-	130 768	68 616	280 938	-	-	10 152 174
Depreciation	(366 218)	(1 030 086)	(162 227)	(106 059)	(112 936)	(154 335)	-	-	(1 931 861)
Impairment	(1 356)	-	(10 626)	(944)	(15 206)	-	-	-	(28 132)
Carrying Value of disposals	-	-	(144)	-	-	(161 999)	-	-	(162 143)
Cost	-	-	(1 800)	-	-	(586 714)	-	-	(588 514)
Accumulated depreciation	-	-	1 656	-	-	424 715	-	-	426 371
Carrying Values at 30 June 2010	10 342 470	13 151 655	793 655	517 502	233 988	716 942	48 000	-	25 804 212
Cost	11 164 281	14 904 530	1 609 105	1 101 580	686 192	1 315 671	48 000	-	30 829 359
Accumulated depreciation	(821 811)	(1 752 875)	(815 450)	(584 078)	(452 204)	(598 729)	-	-	(5 025 147)

**EZINQOLENI MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

**2011
R** **2010
R**

7. INTANGIBLE ASSETS

Carrying values at 30 June 2010

Cost	294 892	203 438
Accumulated Amortisation	449 015	285 141
	(154 123)	(81 703)

Additions	75 000	181 755
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Amortisation	(99 054)	(89 901)
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Disposals	-	(400)
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Cost	-	(17 881)
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Accumulated Amortisation	-	17 481
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Carrying values at 30 June 2011

Cost	270 838	294 892
Accumulated Amortisation	524 015	449 015
	(253 177)	(154 123)

The carrying value of intangible assets disclosed relate to computer software and Municipal website.

Ezinqoleni Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, in terms of Directive 4 issued in March 2009, with respect to the measurement of intangible assets as set out in paragraphs 110 to 118.

8. CONSUMER DEBTORS

Rates	254 167	331 745
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Less provision for bad debts	(102 700)	(331 745)
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Total	151 467	-
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Rates: Ageing

Current (0 – 30 days)	(79 271)	(18)
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31 - 60 Days	(267)	(1 656)
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61 - 90 Days	-	(266)
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91 - 120 Days	-	-
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Greater than 120 days	317 793	331 745
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Total	238 255	329 805
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9. OTHER DEBTORS

Sundry Debtors	885 726	157 402
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Deposit	2 000	2 000
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Accrued Income	31 399	18 165
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National Treasury - FMG (Refer to Note 14.9)	26 749	-
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Library Grant (Refer to Note 14.9)	-	28 977
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	945 874	206 544
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Less provision for bad debts	(36 260)	(65 237)
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Total Other Debtors	909 614	141 307
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EZINQOLENI MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
10. CALL INVESTMENT DEPOSITS		
Investments - Conditional Grant	8 172 511	4 275 771
Investments - Lottery Grant	435 516	423 818
Investments - MSIG Grant	795 660	749 091
	9 403 688	5 448 680
<u>ACCOUNT DESCRIPTION - Investments (MFMA requirement)</u>		
Investment Conditional Grant		
<i>First National Bank Account - Port Shepstone Branch</i>		
<i>Account Number 62200828533 : Call Account</i>		
Bank statement balance at the beginning of the year	4 275 771	4 275 771
Bank statement balance at the end of the year	8 172 511	4 275 771
Investment Lottery Grant		
<i>First National Bank Account - Port Shepstone Branch</i>		
<i>Account Number 62200828955 : Call Account</i>		
Bank statement balance at the beginning of the year	423 818	423 818
Bank statement balance at the end of the year	435 516	423 818
Investment MSIG Grant		
<i>First National Bank Account - Port Shepstone Branch</i>		
<i>Account Number 62231035537 : Money Market</i>		
Bank statement balance at the beginning of the year	749 091	-
Bank statement balance at the end of the year	795 660	749 091
TOTAL INVESTMENTS :	9 403 688	5 448 680
11. CASH AND CASH EQUIVALENTS		
The Municipality has the following main bank account:		
<u>ACCOUNT DESCRIPTION</u>		
Primary Bank Account		
<i>First National Bank Account - Port Shepstone Branch</i>		
<i>Account Number 62024943153 : Cheque Account</i>		
Cash book balance at the beginning of the year	1 909 641	2 300 337
Cash book balance at the end of the year	8 938 467	1 909 641
Bank statement balance at the beginning of the year	1 909 641	2 300 337
Bank statement balance at the end of the year	8 939 467	1 909 641
Petty cash and cash on hand	1 000	500
TOTAL BANK BALANCES AND CASH:	8 939 467	1 910 141
12. VAT ASSET / (LIABILITY)	2 786 831	1 913 514
VAT is claimable on the payments basis and payable on the receipts basis.		

EZINQOLENI MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

2011
R

2010
R

13. PROPERTY RATES

Actual

Agriculture properties used for agricultural purposes	184 486	118 270
Agricultural properties used for other business and commercial purposes	53 213	127 954
Industrial properties	200 567	33 948
Public service infrastructure	50	15
Total Assessment Rates	438 316	280 187

Property Valuations

Agriculture properties used for agricultural purposes	341 168 000	342 814 000
Agricultural properties used for other business and commercial purposes	18 544 000	18 544 000
Industrial properties	4 920 000	4 920 000
Public service infrastructure	36 000	25 000
Total Property Valuations	364 668 000	366 303 000

Non rateable	-	-
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The last general valuation came into effect on: 1/07/2010 1/07/2009

Property rates levied in terms of the Local Government: Municipal Property Rates
 Act No. 6 of 2004 with effect from 01/07/2008

Interim valuations are processed on an annual basis to take into account changes in
 individual values due to consolidations and subdivisions

Assessment rates: Cents in the rand on market valuation as follows:

Agriculture properties used for agriculture purposes	0,0721c/R	0,069c/R
Agricultural properties used for other business and commercial	1,4421c/R	1,38c/R
Industrial properties	1,4421c/R	1,38c/R
Public service infrastructure	0,1803c/R	0,12075c/R

Phasing in discount:

Agricultural property	75%
Industrial properties	75%

Rates are levied as follows (in terms of Section 26 of the Municipal Property Rates
 Act No. 6 of 2004 for the 2010 financial year):

On an annual basis, and the final dates of payment being the last working day of the
 month from August 2010 to June 2011.

Interest is levied on outstanding rates per annum at: 0% 0%

**EZINQOLENI MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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**2011
R** **2010
R**

14. GOVERNMENT GRANTS AND SUBSIDIES

Equitable share	18 111 980	14 830 503
Interim IDP Grant	-	50 000
Municipal Systems Improvement Grant (MSIG)	950 828	501 663
Management Assistance Programme	-	100 000
Municipal Infrastructure Grant	5 834 431	7 621 985
National Lottery Grant	-	764 372
Financial Management Grant	1 471 937	1 704 079
Small Town Rehabilitation Grant	174 100	-
Library	-	1 371 788
LED Strategy Grant	18 425	-
Integrated National Electrification Programme	6 873 761	-
Library Grant- Cyber Cadet	20 921	-
Total Government Grant and Subsidies	33 456 382	26 944 390

14.1 Equitable Share

Balance unspent at beginning of year	-	-
Current year receipts	18 111 980	14 830 503
Conditions met – transferred to revenue	(18 111 980)	(14 830 503)
Conditions met	-	-

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

14.2 Interim IDP Grant

Balance unspent at beginning of year	-	-
Adjustment - expenditure condoned by National Treasury	-	-
Current year receipts	-	50 000
Conditions met - transferred to revenue	-	(50 000)
Conditions met	-	-

This grant was to develop the integrated development plan. No funds were withheld.

14.3 Municipal Systems Improvement Grant

Balance unspent at beginning of year	1 234 181	989 444
Current year receipts	750 000	746 400
Conditions met - transferred to revenue	(950 828)	(501 663)
Conditions still to be met-transferred to liabilities (see note 5)	1 033 353	1 234 181

This grant is used for the improvement of systems. No funds were withheld.

14.4 Management Assistance Programme

Balance unspent at beginning of year	-	-
Adjustment - expenditure condoned by National Treasury	-	-
Current year receipts	-	100 000
Conditions met - transferred to revenue	-	(100 000)
Transferred to revenue - no further conditions to be met	-	-
Conditions met	-	-

This grant is utilised to assist management to improve their systems and improve community participation. No funds were withheld.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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2011
R

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R

14. GOVERNMENT GRANTS AND SUBSIDIES (Continued)

14.5 Municipal Infrastructure Grant

Balance unspent at beginning of year	2 443 466	1 603 451
Adjustments and transfers	-	-
Current year receipts	7 511 000	8 462 000
Conditions met - transferred to revenue	(5 834 431)	(7 621 985)
Conditions still to be met-transferred to liabilities (see note 5)	4 120 035	2 443 466

This grant was used for infrastructure programmes. No funds were withheld.

14.6 National Lottery Grant

Balance unspent at beginning of year	1 214 050	408 422
Current year receipts	-	1 570 000
Conditions met - transferred to revenue	-	(764 372)
Conditions still to be met-transferred to liabilities (see note 5)	1 214 050	1 214 050

This grant was used to for specific projects such as the construction of sports fields. No funds were withheld.

14.7 Financial Management Grant

Balance unspent at beginning of year	195 069	899 148
Current year receipts	1 250 119	1 000 000
Conditions met - transferred to revenue	(1 471 937)	(1 704 079)
Balance owing transferred to debtors (refer to note 9)	(26 749)	195 069

This grant was used for financial management including improving the finance management system, purchasing computers for finance staff and capacity building for finance, for example the employment of interns. No funds were withheld.

14.8 Town Planning Grant

Balance unspent at beginning of year	-	-
Current year receipts	5 352 000	-
Transferred to revenue - no further conditions to be met	(174 100)	-
Conditions still to be met-transferred to liabilities (see note 5)	5 177 900	-

This grant was used to rehabilitate town including Construction of trade centre,community park, Landscaping and installation of street lights. No funds were withheld.

14.9 Library Grant

Balance unspent at beginning of year	(28 977)	(471 798)
Current year receipts	-	1 814 609
Conditions met - transferred to revenue	-	(1 371 788)
Written off against provision made in prior year	28 977	-
Conditions met	-	(28 977)

This grant was used to build the new Library. No funds were withheld.

EZINQOLENI MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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14. GOVERNMENT GRANTS AND SUBSIDIES (Continued)

14.10 LED Strategy Grant

Balance unspent at beginning of year	-	-
Current year receipts	400 000	-
Transferred to revenue - no further conditions to be met	(18 425)	-
Conditions still to be met-transferred to liabilities (see note 5)	381 575	-

This grant was used to review Local Economic Development Strategy and align it with the district strategy. No funds were withheld.

14.11 Integrated National Electrification Programme

Balance unspent at beginning of year	-	-
Current year receipts	8 000 000	-
Conditions met - transferred to revenue	(6873 761)	-
Transferred to revenue - no further conditions to be met	-	-
Conditions still to be met-transferred to liabilities (see note 5)	1 126 239	-

This grant was used to connect electricity to households with no connections programmes. No funds were withheld.

14.12 Library Grant - Cyber Cadet

Balance unspent at beginning of year	-	-
Current year receipts	90 000	-
Conditions met - transferred to revenue	(20 921)	-
Transferred to revenue - no further conditions to be met	-	-
Conditions still to be met-transferred to liabilities (see note 5)	69 079	-

This grant was used for the operational staff for the library such as the Cyber Cadet

15. EMPLOYEE RELATED COSTS

Employee related costs - salaries and wages	4 655 811	4 355 381
Contributions to UIF, medical and pension benefits	739 596	657 999
Travel, motor car, accommodation, subsistence & other allowances	799 887	611 916
Housing benefits and allowances	315 456	310 734
Overtime	-	35 017
Leave	38 859	-
Bonuses	252 015	229 350
Backpay	51 825	-
Contributions to long service award	129 000	-
	6 982 449	6 200 397

The breakdown of the figures for the comparative year are not available.

Included in the employee related costs are the following:

Remuneration of the Municipal Manager

Annual Remuneration	425 443	298 659
Car Allowance	129 600	97 200
Backpay	13 042	10 225
Housing	103 200	77 400
Other benefits	23 150	-
Total	694 435	483 484

EZINQOLENI MUNICIPALITY
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15. EMPLOYEE RELATED COSTS (continued)

Remuneration of the Chief Finance Officer

Annual Remuneration	280 916	245 592
Car Allowance	108 000	108 000
Backpay	9 574	18 763
Housing	84 000	84 000
Other benefits	27 507	-
Total	509 997	456 355

Remuneration of Directors

Director: Technical Services

Annual Remuneration	323 344	259 992
Car Allowance	99 000	126 000
Backpay	9 574	19 063
Housing	62 232	68 232
Other benefits	45 726	21 944
Total	539 876	495 231

Director: Corporate Services

Annual Remuneration	281 691	244 131
Car Allowance	120 000	120 000
Backpay	9 574	18 763
Housing	60 000	60 000
Other benefits	41 379	30 000
Total	512 644	472 894

16. REMUNERATION OF COUNCILLORS

Mayor	638 427	572 272
Councillors	1 496 873	1 423 256
Total Councillors' Remuneration	2 135 299	1 995 528

In-kind Benefits

The Mayor is full-time and has an office and PA at the cost of the Council.

17. FINANCE COSTS

Non-current liabilities	54 973	84 240
Short-term borrowings	-	-
Total	54 973	84 240

**EZINQOLENI MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

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18. GENERAL EXPENSES

Included in general expenses is the following: -

Grant Expenditure - FMG	669 340	-
Grant Expenditure - INEP (Integrated National Electrification Programme)	6 873 761	-
Transport costs	293 266	387 911
Security costs	231 816	218 462
Indigent support	308 529	350 001
Special Programmes	300 031	343 000
Grant-in-aid	271 539	194 593
Electricity and water	148 166	112 780
Cleaning & garden services	191 762	184 270
Waste management	271 239	274 514
Printing & stationery	75 548	78 032
Telephone costs	389 916	341 476
Audit fees(FMG)	755 993	404 491
Training	16 202	105 891
Legal expenses	26 453	49 744
Postage	749	1 841
Insurance	163 353	194 771
Subscriptions	168 393	53 320
Lease payments	33 371	49 796
Bank Charges	40 798	34 561
Advertising	64 569	64 189
Other General Expenses	2 913 563	2 459 883
	14 208 357	5 903 526

19. OTHER INCOME

Included in other income is the following: -

SCP Refund Department of Transport	36 620	19 600
Tenders - Sale	35 250	12 500
Photocopies	10 331	1 150
LG SETA	29 790	28 067
Leave provision adjustment	-	6 674
Other Income	168 245	15 291
	280 236	83 282

20. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

20.1 Unauthorised expenditure

Remuneration of councillors	88 299	98 528
Debt impairment	-	273 606
Depreciation, amortisation and impairment	2 236 932	2 049 893
Finance charges	54 973	-
General expenses	-	106 265
Capital expenditure	-	857 929
	2 380 205	3 386 221

2011

The unauthorised expenditure (with the exception of remuneration of councillors) relate to expenditure incurred that was not budgeted for. The unauthorised expenditure relating to councillors is due to an increase in the number of wards and councillors. In total the budget has not been exceeded. These amounts are not recoverable.

2010

The unauthorised expenditure (with the exception of general expenses) relate to expenditure incurred that exceeded the budget. In total the budget has not been exceeded. These amounts are not recoverable.

The unauthorised general expenses relates to the overpayment of external and internal audit fees. Debtors have been raised with regard to these amounts. No criminal steps have been taken and Council referred the matter to the MEC for disciplinary action to be taken.

EZINQOLENI MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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20. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (continued)

20.2 Fruitless and wasteful expenditure

No fruitless or wasteful expenditure was incurred during 2011 (2010: Nil)

20.3 Irregular expenditure

Reconciliation of irregular expenditure

Opening balance	-	30 000
Irregular expenditure for the current year	183 687	-
Approved /condoned by Council	183 687	30 000
Transfer to receivables for recovery - not condoned	-	-

Incident	Action
Non compliance with supply chain management process	The expenditure in question was valid and has been condoned by council.

21. CASH GENERATED BY OPERATIONS

Surplus for the year	10 395 528	10 432 629
Adjustment for: -		
Amortisation: Intangible assets	99 054	89 901
Previous years operating transactions	(1 551)	881
Depreciation: Property, Plant and equipment	2 137 878	1 931 861
Impairment	-	28 131
Contribution to bad debt provision	(229 045)	273 606
Contribution to long service award provision	117 000	-
Loss on disposal of property, plant and equipment	17 974	544
Gain on fair valuing assets	(761 836)	-
Gain on reassessment of useful lives	(257 203)	-
Investment income	(858 259)	(375 206)
Finance costs	54 973	84 240
Rounding difference	(1)	
Operating surplus before working capital changes:	10 714 513	12 466 587
Decrease / (Increase) in consumer debtors	77 578	(197 671)
Decrease / (Increase) in other debtors	(768 307)	307 298
Increase in unspent conditional grants	8 035 466	1 186 301
Increase / (Decrease) in creditors	(465 226)	881 822
(Increase) in VAT receivable	(873 317)	(983 930)
Cash generated by operations	16 720 707	13 660 407

22. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR

Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position:

Bank balances and cash	8 939 467	1 910 141
Call investment deposits	9 403 688	5 448 680
Total cash and cash equivalents at the end of the year	18 343 155	7 358 821

The municipality does not have overdraft facilities.

**EZINQOLENI MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

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23. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

23.1 Contributions to organised local government

Opening balance	-	-
Council subscriptions	50 404	53 320
Amount paid - current year	(50 404)	(53 320)
Amount paid - previous years	-	-
	<u>-</u>	<u>-</u>
Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>

23.2 Audit fees

Opening balance		
Current year audit fee	755 993	
Amount paid - current year	(665 353)	448 110
Amount paid - previous years	-	555 750
	<u>90 640</u>	<u>-</u>
Balance unpaid (included in creditors)	<u>90 640</u>	<u>-</u>

23.3 VAT

VAT received for the year	<u>1 036 690</u>	<u>570 610</u>
VAT paid for the year	<u>-</u>	<u>-</u>

All VAT returns have been submitted by the due date throughout the year.

23.4 PAYE and UIF

Opening balance	-	-
Current year payroll deductions	1 451 418	1 341 186
Amount paid - current year	(1 451 418)	(1 341 186)
Amount paid - previous years	-	-
	<u>-</u>	<u>-</u>
Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>

23.5 Pension and Medical Aid Deductions

Opening balance	-	-
Current year payroll deductions and Council	1 331 787	1 288 973
Amount paid - current year	(1 331 787)	(1 288 973)
Amount paid - previous years	-	-
	<u>-</u>	<u>-</u>
Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>

23.6 Councillor's arrear consumer accounts

No Councillors had arrear accounts outstanding.

23.7 Material Losses

No material losses were incurred.

EZINQOLENI MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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24. CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

- Approved and contracted for:	6 992 736	542 465
Infrastructure	116 810	542 465
Community	6 875 926	-
- Approved but not yet contracted for:	16 700 000	16 740 000
Infrastructure	-	140 000
Community	16 700 000	16 600 000
Total	23 692 736	17 282 465

This expenditure will be financed as follows:

Grant funded	23 692 736	-	17 282 465
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25. CONTINGENT LIABILITIES

Disciplinary hearing: Mr Duma was found guilty on charges of misrepresentation and was accordingly dismissed. He refer the matter to arbitration and the award was in favour of the municipality

-	36 145
-	36 145

26. CONTINGENT ASSETS

No contingent assets were identified for the year ended 30 June 2011 nor for the year ended 30 June 2010.

- -

27. PRIOR YEAR ADJUSTMENTS

Adjustment in respect of:

Previous years' operating transactions

27.1 Reversal of unidentified amounts

27.2 Reversal of prior year creditors

27.3 Correction of petty cash balance

-	881
(2 051)	-
500	-
(1 551)	881

27.1 Reversal of unidentified amounts

This adjustment relates to the reversal of unidentified amount of R881 in the opening balance for creditors and an unidentified difference of R1 between the opening balance for property, plant and equipment in the general ledger and the fixed asset register.

27.2 Reversal of prior year creditors

This adjustments relates to the reversal of unidentified creditors balance from the prior year.

27.3 Correction of petty cash balance

This adjustments relates to the correction of the petty cash balance to agree to the balance kept on hand.

28. EVENTS AFTER THE REPORTING DATE

No significant events were identified after the reporting date that requires disclosure in the financial statements for the year ended 30 June 2011.

**EZINQOLENI MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

**2011
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29. COMPARISON WITH THE BUDGET

Net surplus per the statement of financial performance	10 395 528	10 432 629
Adjusted for:		
Fair value adjustments	1 019 039	-
Impairments recognised	-	28 131
Deficit on the sale of assets	17 974	544
Increase in provisions	(258 022)	273 606
Variance between revenue budgeted for and revenue received	(485 754)	323 936
Variance between expenditure budgeted for and expenditure incurred	(627 765)	(1 881 846)
Net surplus per approved budget	10 061 000	9 177 000

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexure's E(1) and E(2).

30. RELATED PARTIES

The municipality did not have any related party transactions for the years ended 30 June 2011 and 30 June 2010. There are no related party balances as at 30 June 2011.

31. OPERATING LEASES

The future minimum lease payments payable under operating leases for the actual liability are as follows:

No later than 1 year	58 023	80 626
Later than 1 year and no later than 5 years	53 898	19 093
Later than 5 years	-	-
	111 921	99 719

Operating lease payments payable relate to the hiring of office equipment and cellphones.

Ezinqoleni Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, in terms of Directive 4 issued in March 2009, with respect to the measurement of leases as set out in paragraphs 55 to 60.

32. FINANCIAL MANAGEMENT RISK

Financial Risk Management Objectives

Due to the largely non-trading nature of the activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities.

The municipality's finance function monitors and manages the financial risks relating to the operations of the municipality. These risks include credit risk, liquidity risk, market risk relating interest rate risk.

32.1 Maximum credit risk exposure

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Except as detailed below, the carrying amount of financial assets recorded in the Annual Financial Statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained:

The maximum credit risk exposure in respect of the relevant financial instruments is

Cash and Cash Equivalents	18 343 155	7 358 821
Trade and other receivables	1 061 081	141 307
Maximum Credit Exposure	19 404 236	7 500 128

32.2 Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages

The table below analyses the municipality's financial liabilities into amounts due within the 12 months after financial year end.

Trade and other payables	2 768 045	3 233 271
Other: Lease and employee benefit obligations	136 210	158 423

EZINQOLENI MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
Maximum Liquidity Exposure	2 904 255	3 391 694
32.3 Interest rate risk		
As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.		
At year end, financial instruments exposed to interest rate risk were as follows:		
Investments	9 403 688	5 448 680
Bank Balances and Cash	8 939 467	1 910 141
Maximum Interest Exposure	8 939 467	1 910 141
32.4 Other price risk		
Due to legislative restrictions, the municipality does not trade these investments.		

EZINQOLENI MUNICIPALITY

APPENDIX A: SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDED 30 JUNE 2011

DESCRIPTION	Loan Number	Interest Rate	Date Repayable/ Repaid	Balance at 30/06/2010	Received during the year	Redeemed or Written off during this period	Balance at 30/06/2011
		%		R	R	R	R
Lease Liability							
Toyota Financial Services	86110022326	14 336	2011/10/01	40 857	-	29 903	10 954
Toyota Financial Services	86110028380	14 321	2011/10/01	37 327	-	27 320	10 007
Toyota Financial Services	86110022150	14 283	2011/10/01	30 817	-	22 558	8 259
Toyota Financial Services	86112645861	18,50	2013/09/01	269 760	-	66 641	203 119
Total Lease Liability				378 761	-	146 423	232 338

EZINQOLENI MUNICIPALITY
APPENDIX B : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT FOR THE YEAR ENDED 30 JUNE 2011

	Opening Balance R	Cost / Revaluation Additions R	Under Construction R	Disposals R	Transfers R	Closing Balance R	Opening Balance R	Additions R	Accumulated Disposals R	Depreciation Reassessment useful life R	Closing Balance R	Carrying Value R
Buildings	11 164 281	174 679	5 122 469	(1 717)	39 760	16 499 472	821 811	397 099	(1 717)	-	1 217 193	15 282 279
Infrastructure	14 904 530	704 912	112 040		-	15 721 482	1 752 875	1 167 675	-	-	2 920 550	12 800 932
Machinery & Equipment	1 609 105	12 299	-	(28 548)	337 145	1 930 001	815 450	156 994	(23 015)	(23 063)	926 366	1 003 635
Furniture & Office Equipment	1 101 580	67 839	-	(24 671)	131 397	1 276 145	584 078	202 879	(16 074)	(227 405)	543 478	732 667
Computers	686 192	123 997	-	(244 485)	160 334	726 038	452 204	83 389	(240 642)	(6 735)	288 216	437 822
Motor Vehicles	1 315 671	-	-	-	93 200	1 408 871	598 729	129 842	-	-	728 571	680 300
Heritage Assets	48 000	-	-	-	-	48 000	-	-	-	-	-	48 000
	30 829 359	1 083 726	5 234 509	(299 421)	761 836	37 610 009	5 025 147	2 137 878	(281 448)	(257 203)	6 624 374	30 985 635

EZINQOLENI MUNICIPALITY

APPENDIX C : SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT FOR THE YEAR ENDED 30 JUNE 2011

	Opening Balance	Additions	Cost / Revaluation		Transfers	Closing Balance	Opening Balance	Accumulated Depreciation			Closing Balance	Carrying Value
	R	R	Under Construction	Disposals	R	R	R	R	Disposals	Reassessment	R	R
Executive & Council	167 733	250 190		(41 846)	-	376 077	90 121	282 873	(19 566)	-	353 428	22 649
Financial Services	3 098 801	113 238	15 810	(187 592)	-	3 040 257	934 961	131 660	(188 206)	-	878 415	2 161 842
Corporate Services	11 136 970	603 991	-	(56 160)	761 836	12 446 637	1 993 689	500 408	(59 853)	(257 203)	2 177 041	10 269 596
Technical Services	16 874 871	191 306	5 218 699	(13 823)	-	22 271 053	2 160 500	1 321 990	(13 823)	-	3 468 667	18 802 386
	31 278 375	1 158 725	5 234 509	(299 421)	761 836	38 134 024	5 179 271	2 236 931	(281 448)	(257 203)	6 877 551	31 256 473

The appendix includes figures for property, plant and equipment (note 6) and intangible assets (note 7).

Property, plant and equipment	30 985 635
Intangible assets	270 838
	<u>31 256 473</u>

EZINQOLENI MUNICIPALITY

APPENDIX D: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011

2010 Actual Revenue R	2010 Actual Expenditure R	2010 Surplus/ (Deficit) R		2011 Actual Revenue R	2011 Actual Expenditure R	2011 Surplus/ (Deficit) R
551 663	1 183 589	(631 926)	Executive & Council	317 526	1 736 006	(1 418 481)
2 551 079	3 985 881	(1 434 802)	Financial Services	4 816 873	5 255 348	(438 475)
14 837 177	9 317 203	5 519 974	Corporate Services	18 178 740	10 578 162	7 600 578
9 758 145	2 778 762	6 979 383	Technical Services	12 750 854	8 098 949	4 651 905
27 698 064	17 265 435	10 432 629	Sub Total	36 063 992	25 668 465	10 395 527

EZINQOLENI MUNICIPALITY
APPENDIX E(1): ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2011

Description	2010/11 Original Budget	Budget Adjustments	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Explanation of significant Variance greater than 10% versus Final Budget
	R	R	R	R	R	R	%	%	
Financial Performance									
Property rates	603 000	-	603 000	438 316		(164 684)	73%	73%	Implementation of the Municipal Property Rates Act.
Service charges	50 000	(50 000)	-	-		-	0%	0%	n/a
Investment revenue	350 000	-	350 000	858 259		508 259	245%	245%	There were more investment the municipality had, hence more interest than expected
Transfers recognised - operational	19 484 000	-	19 484 000	27 372 980		7 888 980	140%	140%	The variance was caused by the fact that there unexpected grants which were given to the municipality
Other own revenue	380 000	(14 000)	366 000	291 997		(74 003)	80%	77%	The municipality was expecting to generate more income from hall hire and other related income which turn to be less
Gain on fair valuing assets & change in useful lifes	-	-	-	1 019 039		1 019 039	100%	100%	
Total Revenue (excluding capital transfers & contributions)	20 867 000	(64 000)	20 803 000	29 980 591		9 177 591	144%	144%	
Employee costs	9 047 000		9 047 000	6 982 449		(2 064 551)	77%	77%	Employees resigned during the year which resulted in expenditure being under budget by 25%. The employees who resigned were F.T Mqadi, B.B.Cele(Late), SML Duma(Retrenched).
Remuneration of councillors	2 047 000	-	2 047 000	2 135 299	88 299	88 299	104%	104%	The over expenditure was 2% on the final budget due to the increase in number of councilors.
Debt impairment	-	-	-	(229 045)		(229 045)			The municipality did not budget for bad debt provision and depreciation
Depreciation & asset impairment	-	-	-	2 236 932	2 236 932	2 236 932			
Finance charges	-	-	-	54 973	54 973	54 973	100%	100%	The municipality did not budgeted for finance charges
Repairs and Maintenance	465 000	(147 000)	318 000	261 526		(56 474)	82%	56%	Certain expenditure budgeted for where it is not possible to anticipate the actual figure which resulted in the budget being under spent.
Other expenditure	4 417 000	10 402 000	15 137 000	14 226 331		(910 669)	94%	322%	Certain expenditure budgeted for where it is not possible to anticipate the actual figure which resulted in the budget being under spent.
Total Expenditure	15 511 000	10 402 000	26 231 000	25 668 465	2 380 205	(880 535)	98%	165%	
Surplus/(Deficit)	5 356 000	(10 466 000)	(5 428 000)	4 312 126		9 740 126	-79%	81%	
Transfers recognised - capital	18 137 000	(2 648 000)	15 489 000	6 083 402		(9 405 598)	39%	34%	The financial year between the MIG office and the Municipality is different. They start a new financial year in April and start transferring money in our account and expect expenditure to start as soon as possible. The Municipality who have finalised their allocation are encouraged to start spending on the future commitments.
Contributions recognised - capital & contributed assets									
Surplus/ (Deficit) after capital transfers & contributions	23 493 000	(13 114 000)	10 061 000	10 395 528	-	334 528	103%	44%	
Capital expenditure & funds sources									
Transfers recognised - capital	17 250 000	(2 648 000)	14 602 000	6 083 402	-	(8 518 598)	42%	35%	Refer to reasons above
Transfers recognised - capital (from Equitable Share)	887 000	-	887 000	305 278	-	(581 722)	34%	34%	Due to not all assets budgeted for being purchased
Public contributions & donations	-	-	-	-	-	-	0%	0%	
Borrowing	-	-	-	-	-	-	0%	0%	
Internally generated funds	-	-	-	-	-	-	0%	0%	
Total sources of capital funds	18 137 000	(2 648 000)	15 489 000	6 388 680	-	(9 100 320)	41%	35%	

EZINQOLENI MUNICIPALITY

APPENDIX E (2): ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2011

	2011 Actual R	2011 Under Construction R	2011 Total Additions R	2011 Budget R	2011 Variance R	2011 Variance %	Explanation of Significant Variances
Executive & Council	250 190	-	250 190	187 000	63 190	34%	
Financial Services	113 238	15 810	129 048	100 000	29 048	29%	
Corporate Services	603 991	-	603 991	600 000	3 991	1%	
Technical Services	191 306	5 218 699	5 410 005	14 602 000	(9 191 995)	-63%	
	1 158 725	5 234 509	6 393 234	15 489 000	(9 095 766)	-59%	

EZINQOLENI MUNICIPALITY
APPENDIX F : GRANTS AND SUBSIDIES RECEIVED - 2010/2011

DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MUNICIPAL FINANCE MANAGEMENT ACT, 56 OF 2003

Name of Grants	Name of organ of state or municipal entity	Unspent portion 2009/2010 financial statements	Adjustments and Transfers	Quarterly Receipts				Total Receipts	Quarterly Expenditure				Total Expenditure	Unspent portion 2010/2011 financial statements	Grants and Subsidies delayed / withheld	Reason for delay withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for non-compliance
				July to Sept	Oct to Dec	Jan to Mar	April to June		July to Sept	Oct to Dec	Jan to Mar	April to June						
				1	2	3	4		1	2	3	4						
Interim Integrated Development Plan	Trade and Local Govt Affairs	-	-	-	-	-	-	-	-	-	-	-	-	-	NO	N/A	YES	N/A
Municipal Systems Improvement Grant	Trade and Local Govt Affairs	1 234 181	-	750 000	-	-	-	750 000	32 400	81 196	147 461	689 771	950 828	1 033 353	NO	N/A	YES	N/A
Management Assistance Programme	Trade and Local Govt Affairs	-	-	-	-	-	-	-	-	-	-	-	-	-	NO	N/A	YES	N/A
Municipal Infrastructure Grant (MIG)	Trade and Local Govt Affairs	2 443 466	-	1 554 000	1 933 000	4 024 000	-	7 511 000	1 072 134	1 103 314	1 656 127	2 564 352	5 834 431	4 120 035	NO	N/A	YES	N/A
National Lottery Grant	National Lottery	1 214 050	-	-	-	-	-	-	-	-	-	-	-	1 214 050	NO	N/A	YES	N/A
Financial Management Grant	National Treasury	195 069	-	1 250 000	119	-	-	1 250 119	372 872	597 369	422 268	79 428	1 471 937	(26 749)	NO	N/A	YES	N/A
Town Planning	Trade and Local Govt Affairs	-	-	-	5 352 000	-	-	5 352 000	-	-	121 539	52 561	174 100	5 177 900	NO	N/A	YES	N/A
Library	KZN Dept of Art and Culture	(28 977)	-	-	-	-	-	-	-	-	-	-	-	(0)	NO	N/A	YES	N/A
LED Strategy	COGTA	-	-	-	400 000	-	-	400 000	-	-	-	-	18 425	18 425	NO	N/A	YES	N/A
Library Grant-Cyber Cadet	KZN Dept of Art and Culture	-	-	-	-	90 000	-	90 000	-	-	-	20 921	20 921	69 079	NO	N/A	YES	N/A
Integrated National Electrification Program	Dept of Mineral & Energy	-	-	4 586 000	3 414 000	-	-	8 000 000	23 351	493 254	786 731	4 734 271	6 873 761	1 126 239	NO	N/A	YES	N/A
		5 057 789	-	8 140 000	11 099 119	4 114 000	-	23 353 119	1 500 757	2 275 133	3 134 126	8 159 729	15 344 402	13 095 483				

Reflected as other debtors - Note 9
Unspent grants at 30 June 2010 - Note 5

28 977
5 086 766
5 057 789

Reflected as other debtors - claims submitted awaiting settlement - Note 9
Unspent grants at 30 June 2011 - Note 5

26 749
13 122 232
13 095 483